

GREGORY J. CHARLES, ESQ. #208583  
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Counsel for Gary Thornhill

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DIVISION

IN RE: SANDHILL CAPITAL PARTNERS III,  
LLC, a California Limited Liability  
Company,

DEBTOR.

JANINA ELDER, Trustee of the  
Bankruptcy Estate of Sand Hill Capital  
Partners III, LLC, a California Limited  
Liability Company, Debtor,

PLAINTIFF,

V.

GARY L. THORNHILL

DEFENDANT.

Case No. 08-30989

Chapter 7

Adversary No. 09-3109 TC

EX PARTE APPLICATION TO FILE PORTION  
OF DECLARATION UNDER SEAL

NO HEARING

JUDGE CARLSON

Pursuant to Civil Local Rule 79-5 made applicable by the Bankruptcy Local Rules, Gary Thornhill seeks an order to file a portion of a declaration under seal. Specifically, personal financial information will be redacted from the publicly filed version of the declaration.

Dated: March 19 2012

Law Offices of Gregory Charles

By: s/Gregory Charles  
Gregory J. Charles

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V.

GARY L. THORNHILL

DEFENDANT.

MEMORANDUM OF POINTS AND  
AUTHORITIES IN SUPPORT OF EX PARTE  
APPLICATION TO FILE PORTION OF  
DECLARATION UNDER SEAL

NO HEARING

JUDGE CARLSON

On February 24, 2012, this court entered an order regarding production of documents and requiring the filing of a declaration by Gary Thornhill. ¶4 of the Order states:

(4) On or before March 26, 2012, Defendant shall file and serve a declaration, sworn under penalty of perjury, specifying for each sub-paragraph contained within paragraph (3) of this order that: (a) Defendant has produced and filed all documents specified in the sub-paragraph that are in his possession, custody, or control; or (b) Defendant does not have any of the documents specified in the sub-paragraph in his possession, custody, or control.

\\

1 The order also requires production of items listed on Mr. Thornhill's personal financial  
2 statement.

3 In response to the order, Mr. Thornhill prepared a detailed declaration. The  
4 declaration refers to many personal financial matters and Exhibit 2 includes financial  
5 information regarding third parties.

6 Given these considerations, Mr. Thornhill seeks to publicly file a redacted  
7 declaration (Charles Dec., Ex. 1). Further, the court will order the unredacted  
8 document to be filed under seal. Obviously, Mr. Thornhill will provide the unredacted  
9 document to counsel for the judgment creditor.

10 Dated: Dated: March 19 2012

Law Offices of Gregory Charles

11  
12 By: s/Gregory Charles  
Gregory J. Charles

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V.

GARY L. THORNHILL

DEFENDANT.

DECLARATION OF GREGORY CHARLES IN  
SUPPORT OF EX PARTE APPLICATION TO  
FILE PORTION OF DECLARATION UNDER  
SEAL

NO HEARING

JUDGE CARLSON

I, Gregory J. Charles, declare and say:

1. I am an attorney at law duly licensed to practice before the courts of the State of California. This declaration is made on my personal knowledge. If called as a witness, I would and could competently testify as follows.

2. On February 24, 2012, this court entered an order regarding production of documents and requiring the filing of a declaration by Gary Thornhill. ¶4 of the Order states:

(4) On or before March 26, 2012, Defendant shall file and serve a declaration, sworn under penalty of perjury, specifying for each sub-

1 paragraph contained within paragraph (3) of this order that: (a)  
2 Defendant has produced and filed all documents specified in the sub-  
3 paragraph that are in his possession, custody, or control; or (b) Defendant  
4 does not have any of the documents specified in the sub-paragraph in his  
5 possession, custody, or control.

6 3. In response to the order, Mr. Thornhill prepared a detailed declaration.  
7 The declaration refers to many personal financial matters and Exhibit 2 includes  
8 financial information regarding third parties.

9 4. I attached hereto as Exhibit 1 the proposed redacted declaration.

10 On March 19, 2012 in Santa Clara, CA, I declare under penalty of perjury that  
11 the foregoing is true and correct.

12 s/Gregory Charles  
13 Gregory J. Charles  
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# Exhibit 1

GREGORY J. CHARLES, ESQ. #208583  
Law Offices of Gregory Charles  
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PLAINTIFF,

V.

GARY L. THORNHILL

DEFENDANT.

DECLARATION OF GARY THORNHILL IN  
RESPONSE TO ORDER DATED FEBRUARY 24,  
2012

NO HEARING

JUDGE CARLSON

I, Gary Thornhill, declare and say:

1. This declaration is made on my personal knowledge. If called as a  
witness, I would and could competently testify as follows.

2. As a result of the October 15, 201 order requiring me to provide (a) copies  
of personal tax returns for 2000 through 2009; (b) copies of all documents regarding the  
Gary L. Thornhill Living Trust and the GLT Irrevocable Trust; and (c) copies of all  
documents regarding my pension and profit sharing plan, I produced Bates Nos. 1-  
1370. Attached hereto as Exhibit 1 is my declaration detailing the documents that  
were produced.

1           3.       Subsequently, I provided corporate financial statement (Bates No. 1372-  
2       1379).

3           4.       Prior to the judgment debtor examination, I voluntarily prepared a  
4       consolidated financial statement listing the assets, liabilities, and income of the [REDACTED]  
5       [REDACTED] Trust as of September 23,  
6       2010. A copy of this document and transmittal letter are attached as Exhibit 2.

7           5.       I believe that the trustee refers to this document as my “personal  
8       financial statement.” The reference is not completely accurate.

9           6.       I am not the trustee of the [REDACTED] Trust, and it is not a  
10       party to this litigation. The trustee has not made any effort to gain information from  
11       the Mary L. Thornhill Living Trust.

12          7.       I have personally reviewed the Court’s Order of February 24, 2012  
13       (“Order”).

14          8.       In two document productions, I have produced all documents in my  
15       possession, custody, or control listed in the Order.

16          9.       In addition to the production of documents dated January 31, 2012 (Bates  
17       Nos. 7994-8408), I include with this declaration Bates Nos. 8409-8972.

18          10.       For the convenience of the parties, I summarize the materials using the  
19       same lettering scheme as the Order.

20           A.       “All bank documents, including promissory notes, security agreements, and  
21           UCC-1 financing statements, related to pledges made on the Valley  
22           Community Bank loans” I produced these documents on January 31, 2012 at  
23           Bates 7994-8055.

24           B.       “The note receivable listed on Gary Thornhill’s financial statement to  
25           Thornhill Financial Corporation (for \$2.5 million) and any assignment  
26           thereof.” I produced these documents on January 31, 2012 at Bates 7994-  
27           8055. For clarity, I note that [REDACTED] is the  
28           borrower, and the guarantor has been paying loan. The loan balance is



- 1 [REDACTED] (Bates 8039).
- 2 C. "The most recent statements showing the value of each of the six life
- 3 insurance policies listed on the financial statement." I produced these
- 4 documents on January 31, 2012 at Bates Nos. 8128-8138. I also note that
- 5 some of the policies are [REDACTED] Additional
- 6 information regarding this fact is located at Bates Nos. 8409-8410.
- 7 D. "Documents showing when each of the six life insurance policies listed on
- 8 the financial statement became part of the GLT Irrevocable Trust." I
- 9 produced these documents on January 31, 2012 at Bates Nos. 8128-8138 and
- 10 8144. Additional information regarding this fact is located at Bates Nos.
- 11 8409-8410.
- 12 E. "The most recently updated financial statement for Gary Thornhill" I [REDACTED]
- 13 [REDACTED]
- 14 [REDACTED]
- 15 F. "2009 Federal Tax Return for Gary Thornhill" My 2009 tax return can be
- 16 found at Bates Nos. 8411-8552.
- 17 G. "The share register for Santana, Zeta, Valencia, Gevry, Buccaneer, and Bear
- 18 Joint Partners." I have produced the subscription agreement for Buccaneer
- 19 listing its ownership (Bates Nos. 8553-8563). The Santana Operating
- 20 agreement and its amendment (Bates Nos. 8564-8586, 8587-8608) list the
- 21 members of that company. The Zeta Operating agreement and its
- 22 amendment (Bates Nos. 8609-8653) list the members of that company. The
- 23 Valencia Operating agreement (Bates Nos. 8654-8676) lists the members of
- 24 that company. The Gevrey Operating agreement and its amendment (Bates
- 25 Nos. 8677-8685) list the members of that company. The operating agreement
- 26 between Oakville and Gevrey and associated documents can be found at
- 27 Bates Nos. 8695-8704. On January 31, 2012, I produced the subscription
- 28 agreement for Bear Drilling Partners (Bates Nos. 8342-8352).

- 1 H. "Corporate/Partnership Documents (as defined in paragraph (5) of this  
2 order) for Thornhill Assurance Services" These documents can be found at  
3 Bates Nos. 8706-8739.
- 4 I. "Corporate/Partnership Documents (as defined in paragraph (5) of this  
5 order) for Medalist & Company Corporation" These documents are included  
6 at Bates Nos. 8917-893
- 7 J. "Corporate/Partnership Documents (as defined in paragraph (5) of this  
8 order) for Medalist Holding Corporation" These documents are included at  
9 Bates Nos. 8931-8943.
- 10 K. "Corporate/Partnership Documents (as defined in paragraph (5) of this  
11 order) for Medalist Assurance Service, Inc." These documents can be found  
12 at Bates Nos. 8740-8760.
- 13 L. "Corporate/Partnership Documents (as defined in paragraph (5) of this  
14 order) for Medalist Marketing Group, LLC" These documents are included  
15 at Bates Nos. 8944-8972.
- 16 M. "The most recently filed Federal Tax Return for Medalist Holding  
17 Corporation" These documents can be found at Bates Nos. 8761-8669.
- 18 N. Corporate/Partnership Documents (as defined in paragraph (5) of this order)  
19 for Sandhill Thorben, LLC" These documents can be found at Bates Nos.  
20 8770-8849.
- 21 O. "Corporate/Partnership Documents (as defined in paragraph (5) of this  
22 order) for Sandhill Thorben II, LLC" These documents can be found at Bates  
23 Nos. 8850-8904. I also note that this is a single member entity, so there have  
24 not been any federal tax filings.
- 25 P. The September 2010 account statement for the brokerage firm that holds  
26 the shares of stocks specified on page 3 of Defendant's Statement of Assets  
27 and Liabilities as of September 23, 2010. On January 31, 2012, I produced  
28 [REDACTED] statements dated 12/31/11 for Account Nos. [REDACTED]

1 [REDACTED] (Bates Nos. 8316-8340) These  
2 documents accurately reflect ownership of those accounts as of September  
3 30, 2010. The specific statement listed in the Order is included at Bates Nos.  
4 8905-8916.

5 On March 19 2012 in Santa Clara, CA, I declare under penalty of perjury that  
6 the foregoing is true and correct.

7 s/Gary Thornhill y Thornhill  
8 Gary Thornhill  
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# Exhibit 1

GREGORY CHARLES, ESQ., BAR No. 208583  
CAMPEAU GOODSSELL SMITH  
440 North 1<sup>st</sup> Street, Ste. 100  
San Jose, California 95112  
Telephone: 408.295.9555  
Facsimile: 408.852.0233  
[gcharles@campeaulaw.com](mailto:gcharles@campeaulaw.com)

Counsel for Gary Thornhill

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DIVISION

IN RE: SANDHILL CAPTIAL PARTNERS III,  
LLC, a California Limited Liability  
Company,

DEBTOR.

Case No. 08-30989

Chapter 7

Adversary No. 09-03109

DECLARATION OF GARY THORNHILL

JANINA ELDER, Trustee of the  
Bankruptcy Estate of Sandhill Captial  
Partners III, LLC, a California Limited  
Liability Company, Debtor,

PLAINTIFF,

V.

GARY THORNHILL, an individual

DEFENDANT.

I, Gary L. Thornhill, declare and say:

1. This declaration is made on my personal knowledge. If called as a  
witness, I would and could competently testify as follows.

2. My counsel directed me to conduct a thorough search for the following  
documents:

a. My personal tax returns for 2000 through 2009;

b. Documents regarding the Gary L. Thornhill Living Trust, and the GLT

Declaration

1 Irrevocable Trust; and

2 c. Documents regarding my pension and profit-sharing plan(s).

3 3. With the assistance of an employee, I searched all of the records in my  
4 possession, custody, or control. The search included documents held by individuals who  
5 provide professional services to me.

6 4. Except for my 2009 tax return that has not been completed, I provided all  
7 of the documents identified above in my possession, custody, or control to my counsel.

8 5. I am informed that his offices numbered the documents sequentially.

9 6. I am informed that T0001-T1226 satisfy items a & b, except the 2009  
10 return. I am also informed that T1227-1370 satisfy item c.

11 7. I have not yet filed a 2009 tax return as I owe no taxes for that year

12 I declare under penalty of perjury under the laws of the United States of  
13 America that the foregoing is true and correct.

14 Executed this 5 day of January, 2011 at San Jose, California.

15   
16 Gary L. Thornhill

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Declaration

## Exhibit 2

CAMPEAU GOODSSELL SMITH

A LAW CORPORATION

440 NORTH FIRST STREET, STE. 100

SAN JOSE, CALIFORNIA 95112

TELEPHONE: (408) 295-9555

FACSIMILE: (408) 852-0233

Gregory Charles  
gcharles@campeaulaw.com

September 27, 2010

Jeremy Burns  
Carr McClellan Ingersoll  
Thompson & Horn  
Professional Law Corporation  
216 Park Road  
Burlingame, California 94010

*Via electronic mail*  
jburns@carr-mcclellan.com

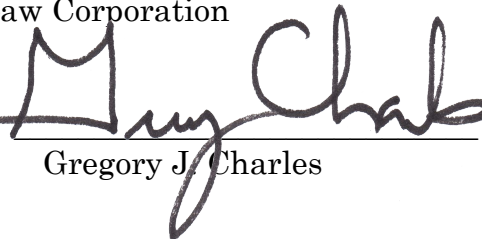
Re: *Elder v. Thornhill*  
Adv. Pro. 09-03109

Dear Mr. Burns:

I enclose for your convenience the financial statement that I mentioned in court last Friday. The statement is current and complete.

Very truly yours,

CAMPEAU GOODSSELL SMITH  
A Law Corporation

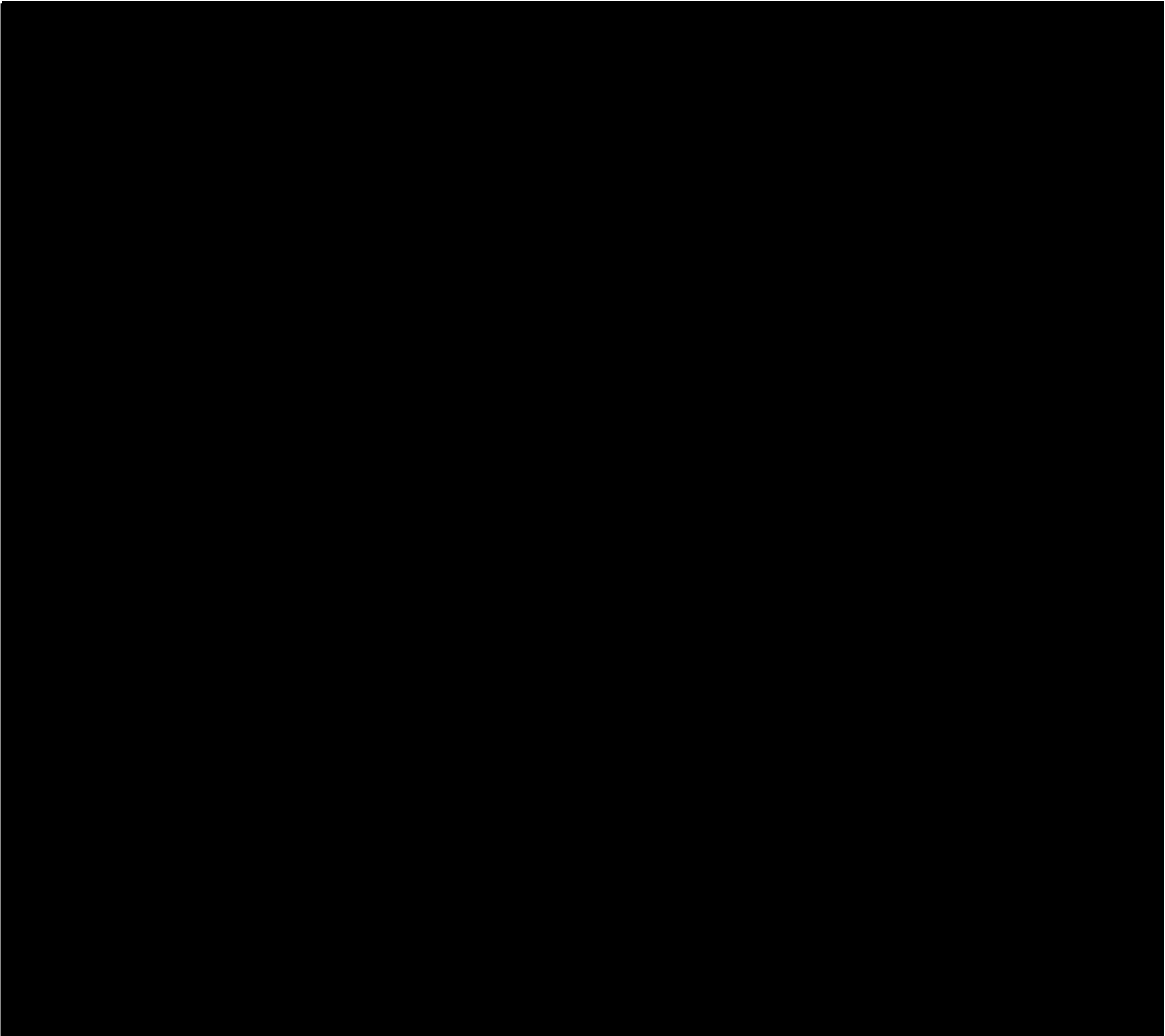
By:   
Gregory J. Charles















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Adversary No. 09-03109

**CERTIFICATE OF SERVICE**

JANINA ELDER, Trustee of the  
Bankruptcy Estate of Sandhill Captial  
Partners III, LLC, a California Limited  
Liability Company, Debtor,

PLAINTIFF,

V.

GARY THORNHILL, an individual

DEFENDANT.

I am over eighteen years of age, not a party in this action, and employed in Santa Clara County, California I am readily familiar with the processing of pleadings for delivery via electronic mail.

I caused to be served the following on the date listed below:

- EX PARTE APPLICATION TO FILE PORTION OF DECLARATION UNDER SEAL, MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF EX PARTE APPLICATION TO FILE PORTION OF DECLARATION UNDER SEAL, and DECLARATION OF GREGORY CHARLES IN SUPPORT OF EX PARTE APPLICATION TO FILE PORTION OF DECLARATION UNDER SEAL**

X **If MAILED VIA U.S. MAIL**, said copies were placed in envelopes which were then sealed and, with postage fully prepaid thereon, on this date placed for collection and mailing at my place of business following ordinary business practices. Said envelopes will be deposited with the U.S. Postal Service at San Jose, California on this date in the ordinary course of business; and there is delivery service by U.S. Postal Service at the place so addressed.

X **If VIA E-MAIL OR ELECTRONIC TRANSMISSION**: I caused the document[s] to be sent to the person[s] at the e-mail address[es] listed below through the electronic filing system of the Northern District of California.

       **If VIA HAND DELIVERY**: I caused the document[s] to be delivered by hand to the office of the addressee.

Michael J. McQuaid, Esq. W. George Wailes, Esq. CARR, MCCLELLAN, INGERSOLL, THOMPSON & HORN Professional Law Corporation 216 Park Road P.O. Box 513 Burlingame, CA 94011-0513	
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I declare that I am a member of the Bar of this Court and that this declaration was executed on March 19, 2012 in San Jose, California.

s/ Gregory Charles